

REGULATION OF BANK INDONESIA

NUMBER 7/20/PBI/2005

ON

AMENDMENT ON REGULATION OF BANK INDONESIA NUMBER 5/5/PBI/2003

CONCERNING BROKER COMPANY OF RUPIAH AND FOREIGN CURRENCY

MONEY MARKET

GOVERNOR OF BANK INDONESIA

- Considering:
- a. that the stipulation on the implementation of Government Bond auction in the primary market has been amended by the Government with Decree of Minister of Finance of the Republic of Indonesia No. 45/PMK.06/2005 concerning Government Bond Auction in Primary Market;
 - b. that based on the Decree of the Minister of the Republic of Indonesia No. 45/PK.06/2005 concerning Government Bond Auction in said Primary Market it is determined that Broker Company of Money Market may become a participant of Auction only for Government Bond Auction of Treasury Bill type ;
 - c. that based on the consideration as referred to in letter a and letter b above mentioned it is deemed necessary to make an amendment to the Regulation of Bank Indonesia Number 5/5/PBI/2003 concerning

Broker ...

Broker Company of Rupiah and Foreign Currency Money Market;

- In view of:
1. Act Number 7 of 1992 concerning Banking (State Gazette of the Republic of Indonesia Number 31 of 1992, Supplement to the State Gazette of the Republic of Indonesia Number 3472) as amended with Act Number 10 of 1998 (State Gazette of the Republic of Indonesia Number 182 of 1998, Supplement to State Gazette of the Republic of Indonesia Number 3790);
 2. Act Number 23 of 1999 concerning Bank Indonesia (State Gazette of the Republic of Indonesia Number 66 of 1999, Supplement to State Gazette of the Republic of Indonesia Number 3843);
 3. Act Number 24 of 1999 concerning Foreign Exchange Traffic and Exchange Rate System (State Gazette of the Republic of Indonesia Number 67 of 1999, Supplement to State Gazette of the Republic of Indonesia Number 3844);
 4. Act Number 24 of 2002 concerning Government Bond (State Gazette of the Republic of Indonesia Number 110 of 2002, Supplement to State Gazette of the Republic of Indonesia Number 4236);

HAS DECREED:

To enact ...

To enact: AMENDMENT TO REGULATION OF BANK INDONESIA
NUMBER 5/5/PBI/2003 CONCERNING BROKER COMPANY OF
RUPIAH AND FOREIGN CURRENCY MONEY MARKET.

Article 1

Some stipulations in the Regulation of Bank Indonesia Number 5/5/PBI/2003 concerning Broker Company for Rupiah and Foreign Currency Money Market (State Gazette of the Republic of Indonesia Number 44 of 2003) are amended as follows:

1. Stipulations of Article 1 number 4 and number 6 are deleted so Article 1 is to be read as follows:

Article 1

1. Broker Company for Rupiah and Foreign Currency Money Market hereinafter referred to as Broker Company is a company established especially to conduct the broking service activity for the interest of its customers in the field of Rupiah and foreign currency money market by obtaining fee for its services rendered.
2. Bank is Commercial Bank as determined by Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998.
3. Service user is the party using broker company for Rupiah and foreign currency money market.
4. Deleted.

5. Treasury ...

5. Treasury Bill is Government Bond having a term up to 12 (twelve) months by paying the interest in discount way.
6. Deleted.
7. Board of Directors is broker company organ fully responsible on the management of the company for the objectives and purposes of the company as well as to represent the company either in or out of the court in accordance with the provisions of the statutes.
8. Commissioner is the broker company organ having the duty to conduct supervision in general and or in particular as well as to provide advises to Board of Directors in running the broker company. .
9. Day is calendar day except determined as working day.
2. Between paragraph (1) and paragraph (2) 1 (one) paragraph is inserted, that is paragraph (1a), and stipulations of Article 2 paragraph (2) and paragraph (3) so article 2 is to be read as follows:

Article 2

- (1) Business activity conducted by Broker Company is to conduct broking service for the interest of its customer in the field of Rupiah and foreign currency money market.
- (1a) Broker Company may also conduct broker service activity in the transaction of Treasury Bill.

(2) In ...

- (2) In conducting its business activity as referred to in paragraph (1) and paragraph (1a) Broker Company may obtain fee.
- (3) The service user of Broker Company in Rupiah and foreign currency money market is bank, except in broking service for transaction of Treasury Bill, the service user may be bank and non-bank.
- (4) In case of need Bank Indonesia may use Broker Company service.
3. Stipulation of Article 4 letter c is amended so Article 4 is to be read as follows:

Article 4

Broker Company is prohibited:

- a. to conduct transaction in Rupiah and foreign currency money market on his own name and or his own fund;
 - b. to conduct transaction in Rupiah and foreign currency money market on the name of Broker Company owner and or fund of said Broker Company owner.
 - c. to provide broker service in capital market;
 - d. to conduct transaction settlement for service user; and
 - e. to give information on name of service user before transaction is agreed.
4. Stipulation of Article 20 paragraph (4) letter e is amended so Article 20 is to be read as follows:

Article 20 ...

Article 20

- (1) In the case Broker Company conducted violation to matters regulated in this Regulation, Bank Indonesia shall impose sanctions as follows:
- a. first warning;
 - b. second warning;
 - c. calling on management and or shareholders;
 - d. revoke of business permit.
- (2) Bank Indonesia shall impose first warning sanction in the case Broker Company conducted violations as follows:
- a. to give information on the name of service user before transaction is agreed; or
 - b. to conduct transaction settlement for service user; or
 - c. ownership of Broker Company by foreign citizen and or legal body more than 99% (ninety nine per one hundred); or
 - d. do not report on the implementation of business activity to Bank Indonesia at the latest 10 (ten) days after implementation date of operational activity; or
 - e. do not submit periodic monthly report, annually report and special report correctly and accurately up to the deadline determined.
- (3) Bank Indonesia shall impose second warning sanction in the case Broker Company conducted violation as follows:

a. to pay...

- a. to pay no heed and or to do no follow up to the first warning sanction on the violation as referred to in paragraph (2) at the latest 3 (three) months after the issue of first warning sanction; or
- b. to conduct same violation as referred to in paragraph (2) for the second time.

(4) Bank Indonesia shall impose sanction by calling the management and or shareholders in the case Broker Company conducted violations as follows:

- a. to conduct broker business activity before obtaining business permit from Bank Indonesia; or
- b. do not submit permit request to Bank Indonesia when there is a change on ownership, change on management and or do not report to Bank Indonesia in case of change of company name; or
- c. to conduct transaction outside the Rupiah and foreign currency money market on his own name and or his own fund; or
- d. to conduct transaction in Rupiah and foreign currency money market on the name of Broker Company owner and or fund of broker company; or
- e. to conduct business activity outside the business activity determined as referred to in Article 2 paragraph (1) and or paragraph (1a); or
- f. to pay no heed and or to do no follow up on the sanction of second warning at the latest 3 (three) months after date of issue of second warning sanction; or

(5) Bank Indonesia shall impose sanction of revoking business permit in the case broker
company ...

company has paid no heed and or has not followed up sanction as referred to in paragraph (4) at the latest 6 (six) months after date of issue of sanction on the calling of management and or shareholders.

Article II

This Bank Indonesia Regulation shall become effective on the date of enactment.

Enacted in Jakarta

On 26th July 2005

GOVERNOR OF BANK INDONESIA

BURHANUDDIN ABDULLAH

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 67 OF 2005

DPD

